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SUDBURY CONTACT MINES, LIMITED



ANNUAL REPORT 1979

SUDBURY CONTACT MINES, LIMITED

**Executive and
Head Office**

Suite 300, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Directors

E. L. BAXTER
PHIL DRUTZ
MILTON KLYMAN
JOHN R. MURRAY
PAUL PENNA
ERNEST SHERIFF

Officers

PAUL PENNA, *President*
MIKEY DRUTZ, *Secretary-Treasurer*

Consulting Geologist

W. A. HUBACHECK, B.Sc., P.Eng.

**Transfer Agent
and Registrar**

Guaranty Trust Company of Canada
Toronto, Ontario

Auditors

Starkman, Kraft, Rothman, Berger & Grill,
Chartered Accountants,
Toronto, Ontario

Solicitors

Shibley, Righton & McCutcheon
Toronto, Ontario

Shares Listed

Toronto Stock Exchange
Toronto, Ontario

Annual Meeting

June 20, 1980, 11:00 a.m. (Toronto Time),
Library, Royal York Hotel,
100 Front Street West,
Toronto, Canada



SEREM JOINT VENTURE

LOCATION MAP LAWYERS PROJECT

SCALE 1:2,000,000

SUDBURY CONTACT MINES, LIMITED

ANNUAL REPORT

Directors' Report to Shareholders

The Directors present the 1979 Annual Report of the Corporation which includes the audited financial statements for the year ended December 31, 1979, together with a review of the Corporation's mineral property interests and related activities during the year and in the subsequent period to date.

NEW FINANCING

On April 18, 1980, your Corporation finalized arrangements for the sale of one million of its treasury shares on a private placement basis at a price of \$1.12 per share for an aggregate amount of \$1,120,000 to associated Mentor Exploration and Development Co., Limited, which purchased these shares for investment.

Among other corporate requirements, certain of the proceeds from this financing have been applied to the acquisition of an undivided 25% of the interest of Serem Ltd. in a working option on a group of claims known as the Lawyers Property, obtained from Kennco Explorations, (Western), Limited, and the Serem group of claims, known as the Toodoggone Project, both of which are located in the Omenica Mining District, British Columbia.

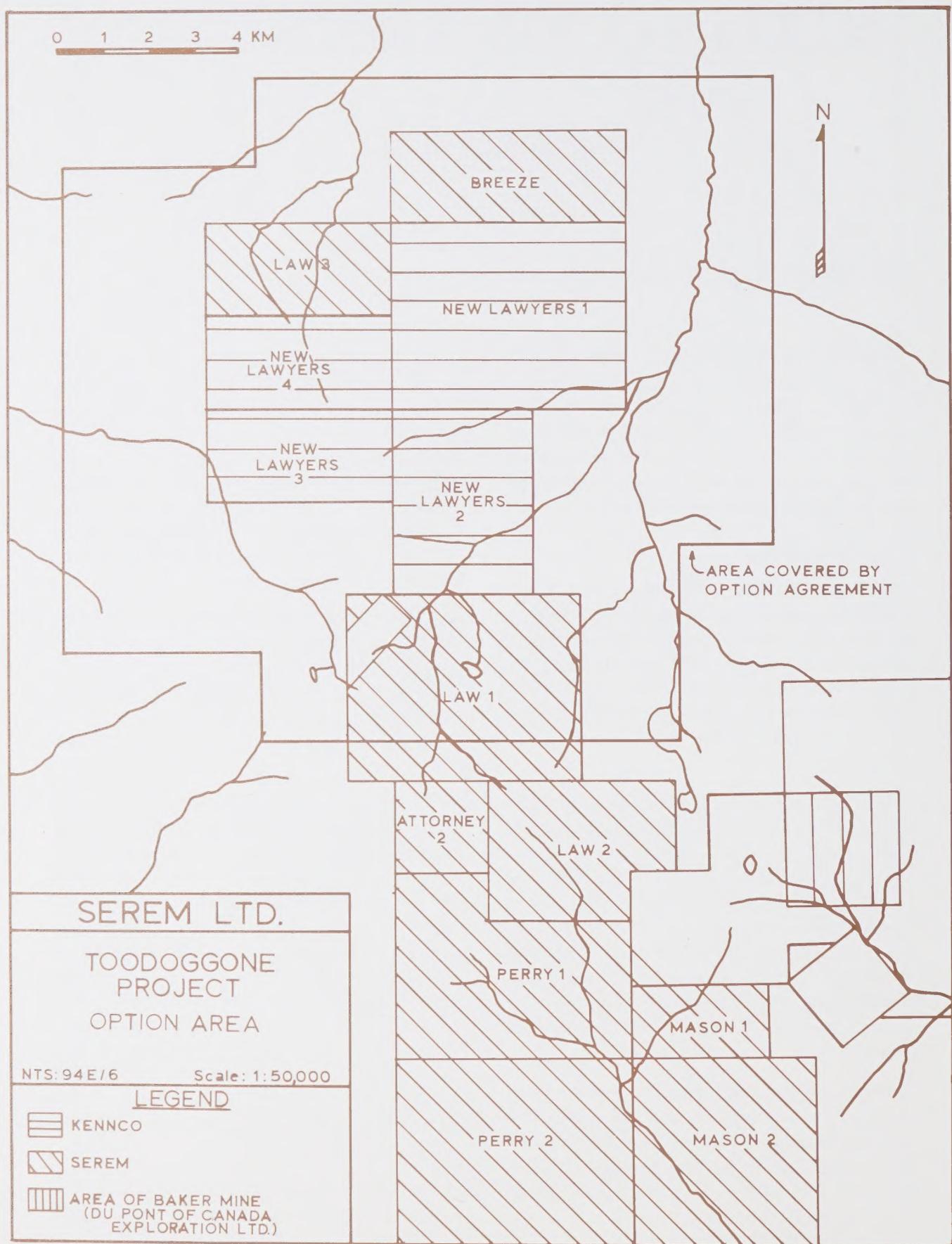
The foregoing properties constitute a joint venture (Serem Joint Venture) in which Serem Ltd., the Manager of the project, will retain a 50% interest and each of the Corporation and Agnico-Eagle Mines Limited will hold an undivided 25% interest.

During the 1979 field season, the Serem Joint Venture carried out a program of exploration on the Lawyers Property which included a series of eleven trenches varying in length from 35 to 50 feet for a total of some 565 feet, which were excavated and systematically sampled. This was followed by four holes totalling approximately 1,000 feet of drilling which was terminated, due to lack of drilling water, late in the summer.

On the basis of the favourable results being obtained on the Lawyers Property, Serem, on behalf of the Joint Venture, carried out a regional stream sampling program which resulted in the staking of additional claims groups designated as the Toodoggone Project.

The program of exploration scheduled for the 1980 season will include additional rock trenching and diamond drilling on the "Amethyst Gold Breccia Zone" to fully delineate the gold-silver values in order to permit tonnage and grade calculations. In addition, detailed ground follow-up exploration work is planned on other areas of interest on the claims. The estimated cost as agreed by the Joint Venture partners for the 1980 work program is \$500,000 of which your Corporation's share of the cost will amount to \$125,000. In addition, your Corporation is obliged to contribute \$51,000 for its portion of the 1979 program expenditures.

Further details on the results of the 1979 exploration work are set out in the separate



section of this Annual Report under the heading: "Serem Joint Venture".

Your Corporation also plans further diamond drilling on its optioned property consisting of 51 mining claims in the Kirkland-Larder Lake area of Ontario.

SEREM JOINT VENTURE

The Lawyers Property under option from Kennco Explorations, (Western), Limited ("Kennco"), consists of New Lawyers 1, 2, 3 and 4 groups totalling 48 units and covering about 2,965 acres. It is located approximately 180 miles north of Smithers, B.C. The properties designated as the Toodoggone Project, consist of three claims groups, Law 1, Law 3 and the Breeze claims, comprising a total of 38 units, which were staked adjoining the Kennco group for protection along strike. These claims are within the one mile perimeter clause and therefore are part of the option agreement.

The New Lawyers Claims comprising the Lawyers Property were taken by Kennco in 1970-71 on the basis of gold-silver geochemical anomalies. Two claim groups, the "Amethyst Gold Breccia Zone" and the "Cliff Creek" showing were mapped and sampled in 1973 and limited diamond drilling was carried out in 1974 and 1975. In May, 1978, the Lawyers Property was optioned to Semco Mining Corporation, from whom Serem Ltd. obtained an assignment agreement in May, 1979. Serem subsequently assigned 50% of its interest equally to Sudbury Contact and Agnico-Eagle.

The working option from Kennco remains in force to December 31, 1982 upon the expenditure by the Serem Joint Venture of not less than \$170,000. If such expenditure during this period shall aggregate not less than \$250,000 then the Serem Joint Venture will have earned a 51% undivided interest (Sudbury Contact and Agnico-Eagle each having 25% of 51% or 12.75% of the total) thereby constituting a joint venture between the Serem Joint Venture and Kennco on a 51%-49% basis, due to Kennco's joint venture.

The working option agreement ("Kennco Joint Venture") further provides for additional expenditures by the Serem Joint Venture, or its bringing of the property into production, in order to maintain its interest, which interest can be earned up to a maximum of 80% of the Kennco Joint Venture. The receipts and revenues from the Kennco Joint Venture are to be shared between the parties according to their respective interests, subject to the payment by the Serem Joint Venture of a specified percentage of its share to the original holder of the working option, Semco Mining Corporation.

Geology

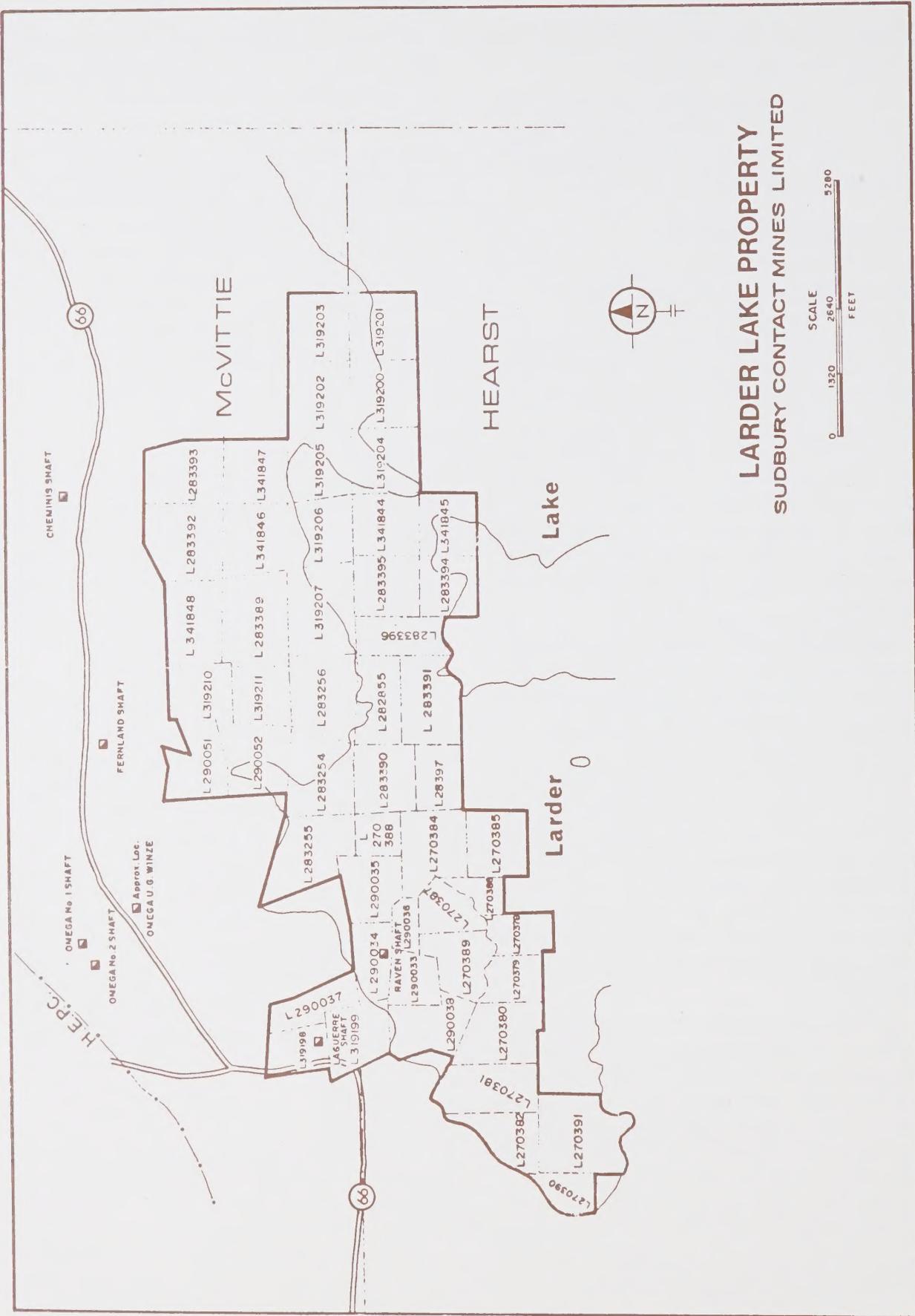
The general area is underlain by northwesterly trending series of Toodoggone and Talka volcanics. The Toodoggone group (Lower Jurassic) overlies unconformably the Takla group (Upper Triassic) which hosts the gold and silver bearing quartz veins on the neighbouring Chapelle Property held by Du Pont of Canada Exploration Limited.

Both series are intruded by granitic rocks. Several major NE and NW trending regional faults cut through the area east and north of the Lawyers Property. The Lawyers Property is underlain by the Toodoggone volcanics which consist of intermediate to felsic porphyritic flows and pyroclastics. The "Amethyst Gold Breccia Zone" occurs in a trachyte porphyry which has a fine grained green to reddish brown ground mass containing orange to salmon coloured phenocrysts of feldspar.

Strike and dips are not too evident but generally suggest a northwesterly strike and steep south-west dip.

Mineralization

Most of the work to date consisting of trenching and diamond drilling (Kennco and Serem) has been concentrated on the "Amethyst Gold Breccia Zone". Mineralization consists of finely disseminated native silver and occasionally native gold. Gold and silver values in the flows increase with silification.



and brecciation. The zone is located about the 6,000 foot elevation at the top of a gently rounded ridge. Overburden consists of several feet of rock rubble which is considered to be essentially in place.

The following is a summary of the work done by Kennco on the Amethyst Gold Breccia Zone during 1973, 1974 and 1975 seasons and by the Serem Joint Venture in 1979:

Summary of Kennco Trench Sampling and Diamond Drilling

Location	Footage	Gold Oz/Ton	Silver Oz/Ton
Trench No. 1 North End	30 feet	0.06	7.0
Trench No. 2			
800' south of Trench 1	40 feet	1.27	10.07
D.D.H. No. 3			
600' north of Trench 2	90 feet	0.189	3.15
D.D.H. No. 5			
Under Trench 2	6 feet	0.06	1.82
D.D.H. No. 10			
1050' north of Trench 2	17 feet and 29 feet	0.10 0.02	5.83 3.10
D.D.H. No. 7			
150' south of Trench 2	20 feet	0.14	0.55
Cliff Outcrop			
500' south of Trench 2	35 feet 50 feet 45 feet	0.035 0.03 0.20	1.10 0.80 3.40

The above sampling covers an approximately 1,500 foot strike length. D.D.H. No. 9 was drilled on the "Cliff Creek Breccia" with insignificant results.

Summary of Serem Trench Sampling — 1979

Trench No.	Total Length (feet)	Sample Length (feet)	Gold Oz/Ton	Silver Oz/Ton
79-10	36.1	3.3	0.054	5.51
		3.3	0.017	2.21
79-9	98.5	6.6	0.015	0.87
		13.1	0.038	6.35
		3.3	0.017	1.49
		3.3	0.020	1.53
79-8	45.9	3.3	0.130	1.03
79-7	42.6	3.3	0.010	1.39
		6.6	0.022	1.64
79-6	36.1	6.6	0.077	3.65
79-5	42.6	16.4	0.110	4.74
79-4	72.2	no values of interest		
79-3	29.5	9.8	0.063	3.90
79-2	62.3	39.4	0.073	1.73
including		19.7	0.105	2.42
79-1	52.5	29.5	0.232	2.37
		13.1	0.047	2.06
79-11	45.9	45.9	0.055	0.32
including		9.8	0.138	0.74

Summary of Serem Diamond Drill Results — 1979

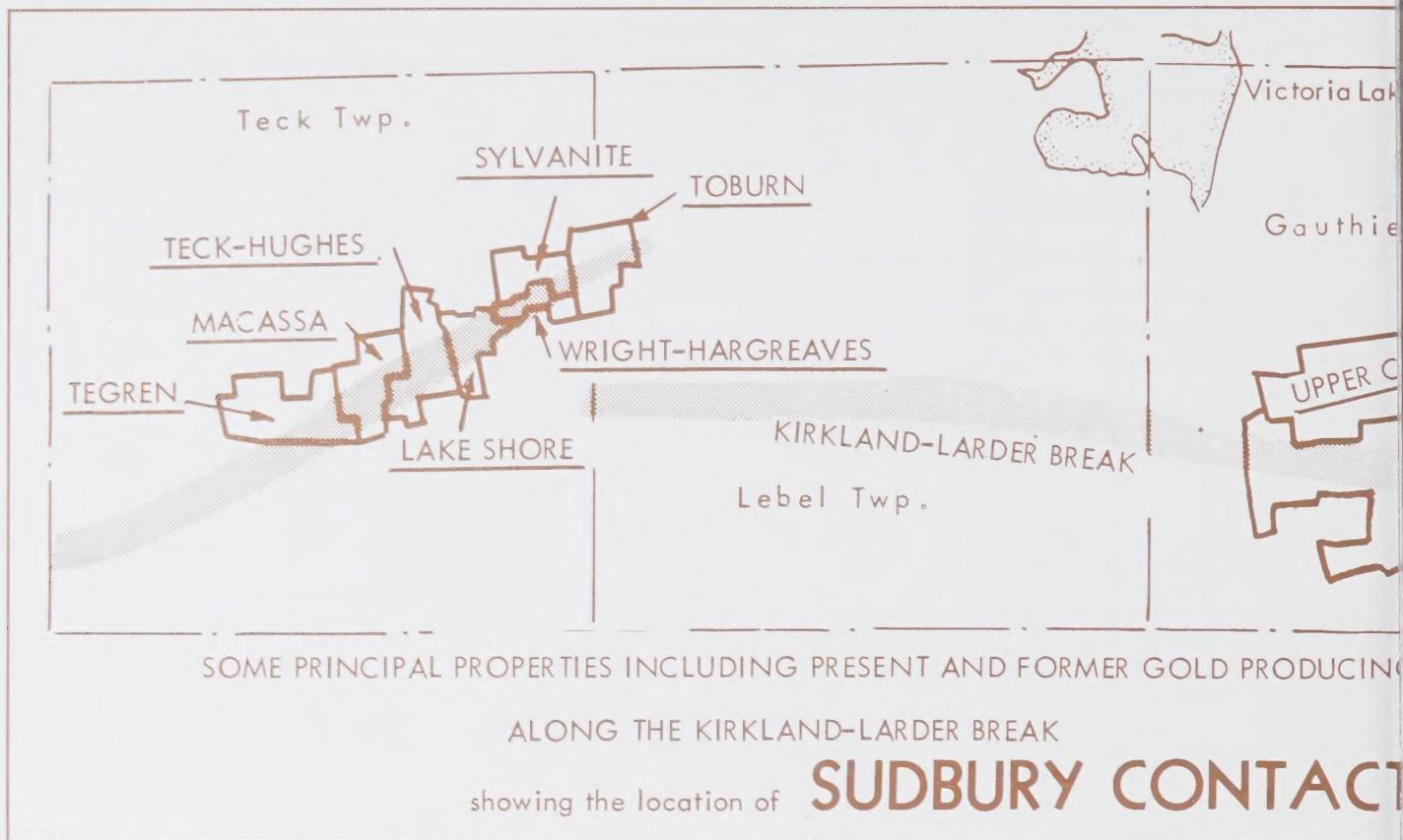
Hole No.	Total Length (feet)	From	To	Width (feet)	Gold Oz/Ton	Silver Oz/Ton
79-1	217.2	64.6	75.4	10.8	0.037	0.16
		79.4	90.2	10.8	0.029	0.19
		126.6	144.7	14.4	0.126	3.36
		159.4	177.5	17.9	0.062	4.83
	or	126.6	177.5	50.9	0.062	2.96
79-2	247.7	9.8	17.0	7.2	0.022	0.62
		190.0	193.0	3.0	0.011	0.38
		198.8	201.8	3.0	0.010	0.32
		201.8	231.6	29.8	0.095	2.62
		237.5	247.7	10.2	0.024	0.29
79-3	269.4	149.2	152.2	3.0	0.021	0.71
		164.0	167.0	3.0	0.011	0.42
		172.9	175.9	3.0	0.010	0.81
79-4	328.0	108.3	111.3	3.0	0.070	1.46
		114.7	117.5	3.2	0.015	1.10
		147.0	156.2	9.2	0.032	6.94
		165.0	183.0	18.0	0.056	2.24
	or	108.3	200.7	92.5	0.025	1.74
		299.1	305.0	5.9	0.012	2.09
		323.1	328.0	4.9	0.085	1.01

Exploration work to date on the "Amethyst Gold Breccia Zone" has established widespread gold and silver mineralization over an area 1,500 feet long by 250 feet wide and from 100 to 200 feet below surface. Within this zone are indications of higher grade lenses of gold and silver values associated with increased silification and brecciation in the volcanics.

The "South Lens" is some 350 feet in length and from 10 to 30 feet in width and has been intersected by trenching and diamond drilling as follows:

	Intersection (feet)	Gold Oz/Ton	Silver Oz/Ton
Kennco Trench 2	30	1.27	9.10
Serem Trench 79-1	29	0.232	2.32
Serem Trench 79-2	19	0.105	2.42
Serem Trench 79-3	10	0.063	3.90
Serem D.D.H. 79-1	17 (core) and 17.5 (core)	0.126 0.062	3.36 4.83
Serem D.D.H. 79-2	29 (core)	0.095	2.26

Both holes were stopped in gold and silver values and will be deepened to establish the full width of mineralization.



The more "northerly Lens", some 150 feet in length, has been intersected by trenching and drilling as follows:

	Intersection (feet)	Gold Oz/Ton	Silver Oz/Ton
Serem Trench 79-5	16	0.110	4.74
Kennco D.D.H. 3	90 (core)	0.188	3.15
Serem D.D.H. 79-4 and 10	9 (core) 18 (core)	0.032 0.056	6.94 2.24

Drill Hole 79-4 was stopped in gold and silver values under an area where high grade gold and silver samples were obtained from sampling surface rubble. The northern extension of this lens remains untested between Serem D.D.H. 79-4 and Kennco D.D.H. 1 and 10.

Summary and Conclusions

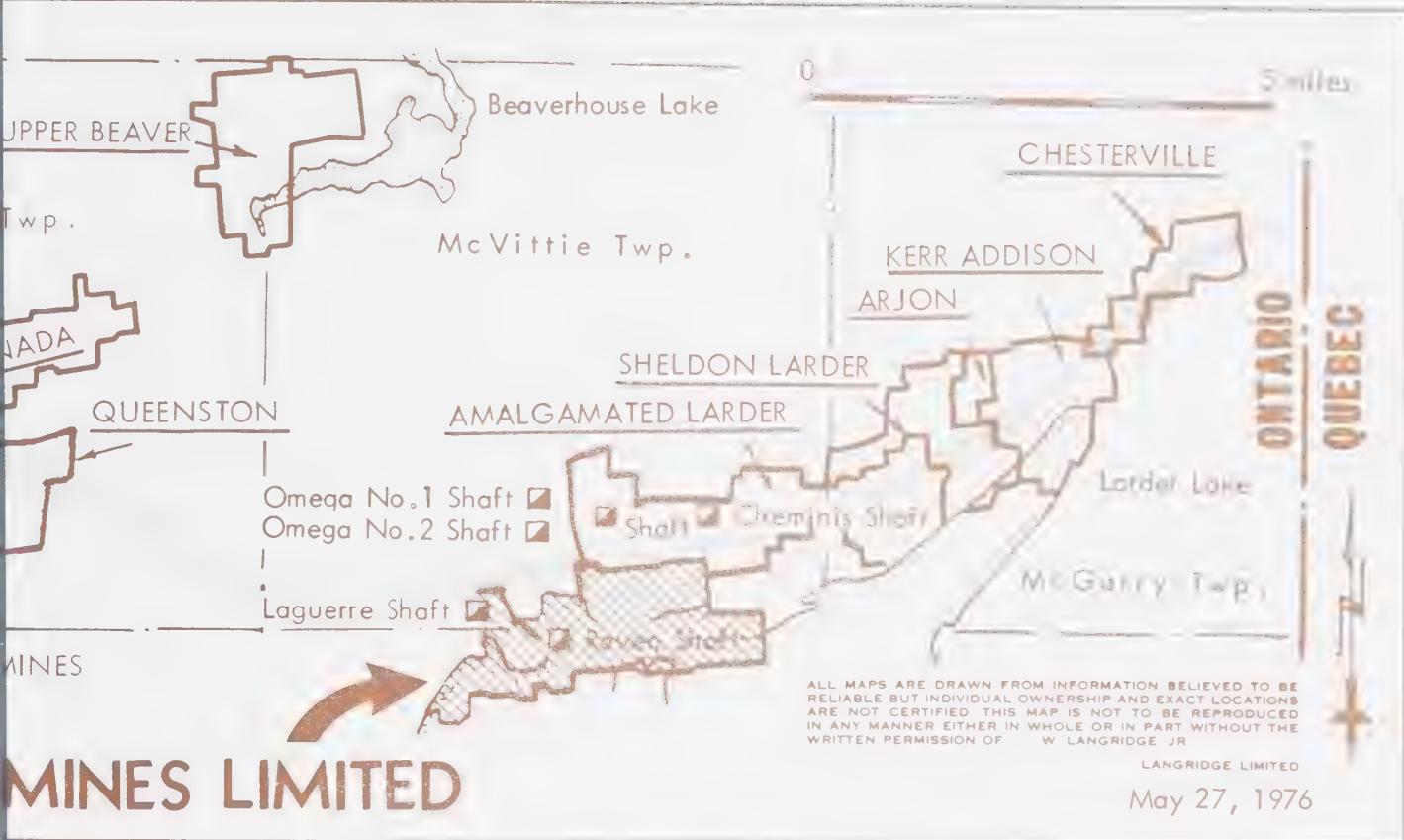
The presence of gold and silver on the Lawyers, Chapelle, and other properties in the area indicate a potential precious metal dis-

trict with the mineral occurrences genetically related to Jurassic volcanism.

Exploration work by Kennco in 1973-1975 and by the Serem Joint Venture in 1979 on the "Amethyst Gold Breccia Zone" has established widespread gold and silver mineralization over an area 1,500 feet long by 250 feet wide and from 100 to 200 feet below surface. The zone is still open on strike and to depth. Diamond drilling has not been sufficient to permit meaningful tonnage and grade calculations.

In addition to the recommended rock trenching and diamond drilling scheduled to be carried out on the "Amethyst Gold Breccia Zone" to fully delineate the gold-silver values in order to permit tonnage and grade calculations, detailed ground follow-up is recommended on other areas of interest on the claims.

The next stage in the evaluation of the "Am-



ethyst Gold Breccia Zone" will require an underground test. This would entail driving an adit into the side of the mountain which will permit crosscutting and drifting on the zone of values, and provide drill stations for closely spaced definition drilling. This program, which could be tentatively scheduled in 1981, would cost approximately \$2.8 million.

The announcement in March, 1980, by Du Pont of Canada Exploration Limited, of its decision to proceed to production at its Baker Mine at Chapelle, B.C., is of considerable interest to this area. The property, located south and east from the Lawyers-Toodoggone claims of the Serem Joint Venture, has been under development since 1974 when this property was acquired by Du Pont under agreement with Kennco which made the initial discovery in 1969. Du Pont stated it is investing about \$12 million in treatment facilities to process some 100,000 tons of gold and silver ore, scheduled to begin early in 1981. The ore con-

tains an average of 0.9 ounce of gold and 19 ounces of silver per ton.

KIRKLAND-LARDER LAKE PROPERTIES

Your Corporation continues to hold under option the group of 51 claims in the Kirkland-Larder Lake area of Ontario. The property is located just to the south of the Kirkland-Larder Lake "Break" about five miles west of the Kerr Addison gold mine. It encompasses several known gold occurrences, two of which, the Laguerre and Raven River, are developed by shafts and underground workings.

Since acquiring the option in 1973, the Corporation has carried out two exploration programs. Exploration expenditures to the 1979 year end have totalled approximately \$425,000 and an additional \$45,000 for plant and equipment. Under the terms of the working option which extends to July 17, 1980, the option can be extended for a further three years by the cumulative expenditures of \$500,000 on exploration and development work.

LEGEND

- 1 TRACHYTE PORPHYRY FLOW, AGGLOMERATE, ASH
- 2 ASH TO LAHAR, OFTEN UNCONSOLIDATED RED MUD
- 3 SILICIFIED, BRECCIATED ZONE
- 4 TRACHYTE PORPHYRY WEDGE
- 5 APHANITIC TO VERY FINE GRAIN LITHIC TUFF
- 6 QUARTZ, FELDSPAR CRYSTAL LITHIC TUFF
- ✓ GEOLOGIC CONTACT - KNOWN
- ✓ - ASSUMED
- KD KENNCO DDH
- T TRENCH

SEREM LTD

LAWYERS PROJECT

AMETHYST GOLD BRECCIA ZONE

GEOLOGY

NTS 94E / 6E



SURFACE PLAN

GOLD BEARING ZONES (PROJECTED TO SURFACE)

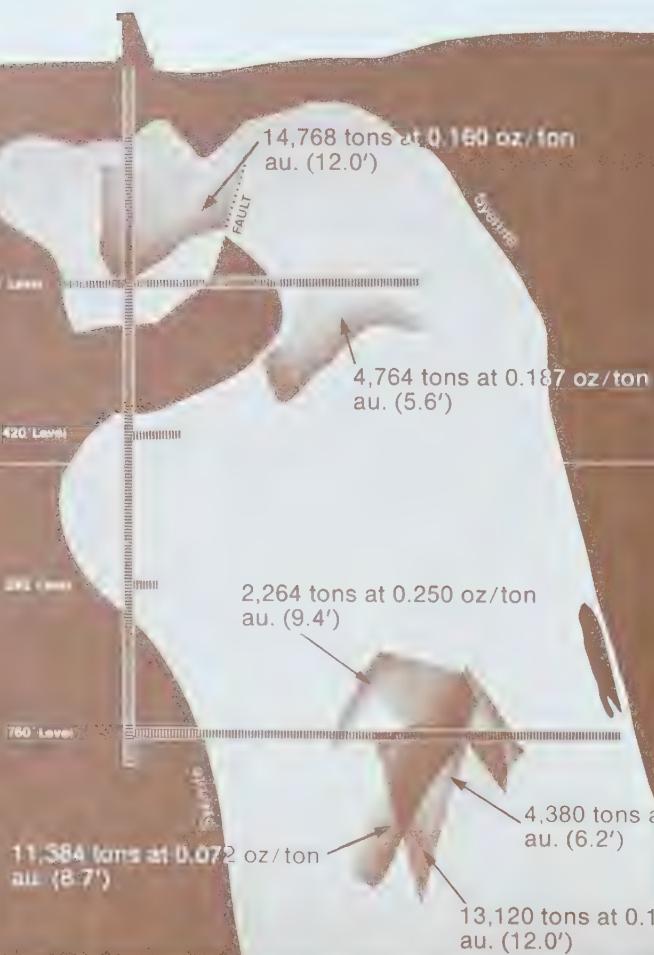
troughs

0 100 200 300 400 FEET



SUDBURY CONTACT MINES LTD.

KNUTSON DISCOVERY AREA, LARDER LAKE ONTARIO



VEIN No. 1 9,400 tons at 0.214 oz/ton
au. (12.3')

GOLD BEARING ZONES
16,700 tons at 0.200 oz/ton
au. (6.8')

**LONGITUDINAL
PROJECTION**
LOOKING EAST

Summary of Work During 1975-1976 Period

Work during this period focused on the Laguerre Gold Mine property on which a shaft was sunk to a depth of 790 feet by former operators with four levels established at 250, 420, 590 and 760 foot horizons.

The underground workings were dewatered and the shaft and underground workings rehabilitated. Definition diamond drilling was carried out at regularly spaced intervals on the 250 and 760 foot levels, with 65 holes totalling 6,580 feet of drilling completed.

Six gold bearing zones were outlined in syenite containing an estimated 50,680 tons grading 0.128 oz. gold per ton. The results were not considered to be of sufficient economic interest at the then prevailing price of gold in a range between \$105 and \$150 per ounce and underground work was suspended in March, 1976.

Summary of Drilling Program in 1978

Surface diamond drilling was resumed in June, 1978 amounting to 21 holes for a total of 8,614 feet. Most of the drilling was concentrated on the Knutson Zone at a distance of 700 feet south of the Laguerre Shaft. This drilling outlined 26,100 tons grading 0.205 oz. gold per ton on two adjacent veins (Veins No. 1 and 2) to a depth of about 225 to 250 feet below surface.

Along strike of the veins to the south, Hole No. 20 intersected 0.27 oz. gold per ton across 4.5 feet. This was the last section drilled and the ground to the south is open for extension.

A deep hole, amounting to 1,637 feet, was drilled under the Raven River Shaft workings which bottomed at 670 feet. This hole intersected the gold bearing syenite at a vertical depth of 1,200 feet and cut low values over a wide width. The best value intersected was 0.085 oz. gold per ton across 10 feet.

Current Program

Two areas for additional diamond drilling have been selected after a review of previous

work. On the Enright Point Area, about one mile due east from the Raven River Shaft, a series of holes are planned to check a drill intersection obtained in 1938 averaging 0.06 oz. gold per ton and 1.06% copper over 21.5 feet and an Ontario Dept. of Mines' Input anomaly in Larder Lake, a short distance to the south.

Additional drilling will be carried out on the Knutson Zone area in a further test of the two gold bearing veins which were not closed off by the 1978 drilling. A minimum of 3,000 feet of drilling has been tentatively scheduled to test each of these two areas, or a total of 6,000 feet of drilling.

This 1980 expenditure will be adequate to fulfill the option requirement, extending the period for a further three years to July, 1983.

FINANCIAL AND GENERAL

Working capital at year end 1979 amounted to \$10,140 compared with the working capital deficiency at the previous year end of \$305,316. This, of course, has now been augmented with the proceeds from the recent sale of one million treasury shares for an aggregate amount of \$1,120,000. The current financial position is such as to enable your Corporation to fund the 1980 programs at both the Serem Joint Venture properties in the Toodoggone area, British Columbia, and in the Kirkland-Larder Lake area, Ontario, as well as the Corporation's portion of the contemplated \$2.8 million program underground involving the "Amethyst Gold Breccia Zone" of the Lawyers Property.

On behalf of the Board of Directors

Paul Penna
President

May 9, 1980

BALANCE SHEET

AS AT DECEMBER 31, 1979

ASSETS

CURRENT ASSETS

Cash
Marketable securities, at lower of cost or market (market value 1979 — \$64,883; 1978 — \$444,293)
Prepaid expenses and deposits

FIXED ASSETS, at cost

Equipment
Office furniture
Less: Accumulated depreciation
Larder Lake buildings and equipment

MINING CLAIMS AND PROPERTIES, at cost (Note 2)

DEFERRED EXPLORATION EXPENDITURES

OTHER ASSETS

Shares of other mining companies, at cost, (no quoted market value)
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LIABILITIES

CURRENT LIABILITIES

Bank indebtedness
Accounts payable and accrued charges
Loan payable — 10%

SHAREHOLDERS' EQUITY

CAPITAL

AUTHORIZED

9,000,000 Shares without par value

ISSUED

6,586,250 Shares

DEFICIT

See accompanying notes to financial statements.

SUDBURY CONTACT MINES, LIMITED

1979	1978
\$ 121	\$ —
15,457	77,573
800	1,000
<u>16,378</u>	<u>78,573</u>
21,268	21,268
1,753	1,753
23,021	23,021
18,086	18,086
4,935	4,935
44,916	44,916
<u>49,851</u>	<u>49,851</u>
20,300	20,300
<u>596,095</u>	<u>589,174</u>
9,602	9,602
<u>\$ 692,226</u>	<u>\$ 747,500</u>

AUDITORS' REPORT TO THE SHAREHOLDERS OF SUDBURY CONTACT MINES, LIMITED

We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1979 and the statements of administrative expenses, revenue and deficit, deferred exploration expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL

Chartered Accountants

\$ —	\$ 224
4,738	59,165
1,500	324,500
<u>6,238</u>	<u>383,889</u>

Toronto, Ontario

February 14, 1980

Approved on behalf of the Board:

2,573,500	2,573,500
(1,887,512)	(2,209,889)
685,988	363,611
<u>\$ 692,226</u>	<u>\$ 747,500</u>

PAUL PENNA, Director.

MILTON KLYMAN, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF ADMINISTRATION EXPENSES, REVENUE AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
EXPENSES		
Administration and office services	\$ 9,600	\$ 9,600
Legal and audit	7,310	4,329
Bank charges and interest	13,365	22,227
Shareholders' information	7,613	4,995
Miscellaneous	11,602	10,605
Transfer agent fees	2,898	2,534
Directors' fees	1,500	600
Licences, taxes and fees	<u>1,200</u>	<u>1,450</u>
	55,088	56,340
Less: Gain on sale of marketable securities	<u>(377,465)</u>	<u>—</u>
INCOME (LOSS) BEFORE INCOME TAXES	322,377	(56,340)
Income taxes	<u>56,068</u>	<u>—</u>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	266,309	(56,340)
Utilization of prior year's unrecorded deferred tax benefit	<u>56,068</u>	<u>—</u>
NET INCOME (LOSS) FOR THE YEAR	322,377	(56,340)
DEFICIT, beginning of year	<u>(2,209,889)</u>	<u>(2,153,549)</u>
DEFICIT, end of year	<u><u>\$(1,887,512)</u></u>	<u><u>\$(2,209,889)</u></u>

See accompanying notes to financial statements.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
SOURCE OF FUNDS		
Gain on sale of marketable securities	\$ 377,465	\$ —
APPLICATION OF FUNDS		
Administrative expenses	55,088	56,340
Exploration expenditures	6,921	112,088
	62,009	168,428
INCREASE (DECREASE) IN WORKING CAPITAL	315,456	(168,428)
WORKING CAPITAL DEFICIENCY, beginning of year	(305,316)	(136,888)
WORKING CAPITAL (DEFICIENCY), end of year	\$ 10,140	\$ (305,316)

See accompanying notes to financial statements.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
EXPENDITURES DURING YEAR		
Larder Lake Mining Division, Ontario		
Diamond drilling	\$ —	\$ 90,373
Consulting fees	5,671	13,006
General field expenses	777	5,230
Assaying	—	3,006
	6,448	111,615
Other Properties		
Licences, fees and taxes	473	473
EXPLORATION EXPENDITURES FOR THE YEAR	6,921	112,088
DEFERRED EXPLORATION EXPENDITURES — beginning of year	<u>589,174</u>	<u>477,086</u>
DEFERRED EXPLORATION EXPENDITURES — end of year	\$ 596,095	\$ 589,174

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
Larder Lake Mining Division, Ontario (Note 2)	\$ 426,217	\$ 419,769
Montgomery Township, Ontario	169,107	168,703
Thunder Bay Area, Ontario	771	702
	\$ 596,095	\$ 589,174

See accompanying notes to financial statements.

SUDBURY CONTACT MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 1979**

1. ACCOUNTING POLICY

The company follows the policy of deferring exploration expenditures until such time as the properties commence production. Properties determined to be without value are written off to deficit with related deferred exploration thereon. The amounts shown for deferred exploration expenditures represent costs to date less amounts written off and are not intended to reflect present or future values.

2. MINING CLAIMS AND PROPERTIES

The company has acquired a working option on 51 claims in the Larder Lake Mining Division, Ontario to July 17, 1980. If the company spends \$500,000 on exploration and development, the option will be extended for 3 more years. If production is reached, the claims will be transferred to the company subject to a 15% royalty payable to the optionor.

3. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers for the year ended December 31, 1979 amounted to \$1,500 (1978 — \$600).

4. SUBSEQUENT EVENTS

The company is negotiating a private placement of 1,000,000 shares at \$1.12 per share, subject to the approval of the regulatory bodies having jurisdiction over the sale of shares in the Province of Ontario.

